

The complaint

Mr P has complained that Acorn Insurance & Financial Services Ltd told him he was covered under his Taxi Insurance policy to drive his car on a fully comprehensive basis while he was driving in Europe. When he actually only had the minimum cover legally required for him to drive in Europe. He's said this led to his claim for damage to his car following an accident in Europe being turned down.

What happened

Mr P was driving his car in Europe when he was involved in an accident. He reported the accident to the claims helpline under his policy. He was told he wasn't covered to drive his car on a fully comprehensive basis in Europe. His insurer turned down his claim and also cancelled his policy as it incorrectly thought he was using his car for business purposes abroad. Mr P had to leave his car in Europe and return home by plane. And he ended up losing his car.

Mr P complained to Acorn on the basis that he told its agent when he had called to renew his policy that he would be travelling in Europe and that the agent had told him he would have the same cover as in the UK if he did so.

Acorn responded to Mr P's complaint by saying that it could not locate a recording of the call Mr P made to renew his policy and therefore it was unable to uphold his complaint. It further explained that it was clear from the renewal documents provided to him that he only had the minimum cover required by law while driving in Europe, unless he asked specifically for the cover under his policy to be extended to cover him on a comprehensive basis while driving in Europe for a period of up to 28 days. And that – if he had done so – he would have needed to pay an additional charge. It is not in dispute that Mr P didn't call to extend the cover under his policy. But – from what Mr P has said – this was because he thought he was covered to drive in Europe on a comprehensive basis under his standard policy cover.

One of our investigators considered Mr P's complaint. She said she was persuaded by Mr P's testimony that the agent told him that he was covered to drive on a fully comprehensive basis in Europe. And that, in view of this, she considered Mr P was entitled to rely on this assurance rather than checking his policy documentation to make sure he had the cover he needed in Europe. The investigator said Mr P's complaint should be upheld and that Acorn should compensate him for the loss of his car and cover the costs associated with his accident, as well as covering the cost to him of getting home. She also said Acorn should pay Mr P £400 in compensation for distress and inconvenience.

Acorn didn't agree with the investigator's view. It said the fact that the policy documentation provided to Mr P made it clear he needed to pay an additional premium if he wanted the same cover when driving in Europe as in the UK, meant he should have realised he would only be covered if he called Acorn to extend his policy. It was very concerned that our investigator didn't consider the fact the documentation provided was clear was enough.

Having reviewed the complaint, I spoke with Mr P and asked him for more detail on what Acorn's agent said to him when he called to renew his policy. He explained to me that they

told him he was fully covered to drive in Europe for up to 28 days, but if he needed cover for longer than this he needed to call them. I also asked Mr P why he didn't buy breakdown cover through Acorn, as this would have covered the cost to him of getting home after his accident. He explained he didn't buy this, as he thought his existing breakdown cover would cover any costs.

I also asked Mr P about the impact of what happened on him. And he explained how distressing it was for him to find he had no cover under his policy after the accident and no support. And how hard it was for him to cope with the police involvement and the investigation by his insurer. He explained he lost his car and it took him around two weeks to get home. And when he did get home, he was too distressed to work and ended up losing income because of this. He said, in light of this, he did not think the £400 in compensation suggested by our investigator for distress and inconvenience was enough.

I issued a provisional decision on 5 June 2024 in which I set out what I'd provisionally decided and why as follows:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on the evidence I've seen Acorn accepts Mr P telephoned it to renew his policy and had a conversation with one of its agents. It would normally have a recording of this call, but has not been able to obtain one. It hasn't explained why this is, although I assume it is due to some sort of system error, as the call should have been available at the time Mr P complained according to its call retention policy. In view of this, I think in deciding on the fair and reasonable outcome to Mr P's complaint it is appropriate for a significant amount of weight to be placed on his testimony of what was discussed in the renewal call. I say this because it would not be fair for Mr P to be penalised purely because of a failure on Acorn's part to obtain a recording of this call when it should have been able to do so.

And I am persuaded that Mr P did ask the agent he spoke to when he renewed his policy whether he was covered to drive his car in Europe. And that he was told he was for up to 28 days. I'm also persuaded that this gave him the impression he would have the same level of cover if he did this as he had while driving his car in the UK. I say this because Mr P's recollection of the agent's reference to 28 days supports his version of events and suggests to me the agent was confused about the extent of the cover under Mr P's policy for driving in Europe.

I do of course appreciate that the documentation Mr P was provided with when he renewed his policy did make it clear that he only had the minimum cover required by law while driving his car in Europe. And that he would need to pay an additional premium to get the same level of cover as he had in the UK. But, having been assured he was covered to drive his car in Europe for up to 28 days without being told of the limited nature of the cover by the agent, Mr P wouldn't necessarily have felt the need to scrutinise his policy documents to check this was the case. Especially, as he'd have noticed he had a Green Card and would have thought this was why he was fully covered. Of course the small print on the Green Card did make it clear the cover was limited, but Mr P probably didn't feel the need to look too closely at this.

I am also persuaded that if the agent had properly explained to Mr P that he'd only have the minimum level of cover required to drive in Europe and exactly what the extent of this cover was, he'd have called prior to his trip and extended the cover under his policy to comprehensive. He would of course have had to pay an additional premium for this. This means I consider as part of the fair and reasonable outcome to Mr P's complaint Acorn should cover the financial losses he suffered as a result of not having comprehensive cover

for his car when he had his accident in Europe. This includes the cost of replacing his car, which I consider would have been £13,090, as suggested by our investigator, less what the additional premium would have been if Mr P had extended his cover.

I also consider Acorn should cover any costs associated with the recovery and loss of Mr P's vehicle, as Mr P only incurred these costs because of Acorn's error. And it will need to pay interest on the amount due for these at 8% per annum simple from the date he paid them to the date of payment to compensate Mr P for being without these funds.

Unlike our investigator, I do not consider Acorn needs to reimburse what it cost Mr P to get home. This is because he explained to me when I spoke to him that he thought this would be covered under his existing breakdown insurance policy and didn't buy a breakdown policy through Acorn for this reason. Mr P's taxi policy would not have covered these costs, even if it had been extended to comprehensive cover for his trip. So, these costs would never have been recoverable from his insurer. It is therefore not appropriate for me to make Acorn cover them.

I also consider Acorn should pay Mr P compensation for the distress and inconvenience he experienced because of having no cover for his accident. When I spoke with him, Mr P explained to me that due to the stress of having no insurance for his car on his trip and the time it took him to get home, plus the investigation by his insurer and the police involvement, he was too stressed to go back to working as a taxi driver when he eventually got home. As I've said, he explained how distressing this was for him and – it was of course – also very inconvenient.

It is hard to imagine how stressful it must be to have an accident abroad and then get absolutely no assistance from your insurer due to an error by your broker. I believe for Mr P it was frightening and very stressful indeed. Plus, Mr P ended up losing his car and having to deal with the upset and inconvenience associated with this. And I am also satisfied the whole episode had a knock-on effect on Mr P, to the extent that he felt unable to work when he returned. So, I've decided a higher and much more significant compensation payment than the one suggested by the investigator is appropriate for the distress and inconvenience caused to Mr P by Acorn's failings. And I've provisionally decided to award £1,000.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr P's complaint and make Acorn do the following:

- Pay Mr P £13,090 to cover the loss of his vehicle, less what it would have cost for Mr P to extend his cover to fully comprehensive for 28 days to cover his trip.
- Cover the associated costs Mr P incurred as a result of not receiving any assistance from his insurance company after his accident. This is subject to Mr P providing evidence of these costs. Acorn should also pay interest on the amount due at 8% per annum simple from the date Mr P paid the costs to the date of payment.
- Acorn should also pay Mr P £1,000 for distress and inconvenience.

I gave both parties until 24 June 2024 to provide further comments and evidence. Mr P has responded and what he has said suggests he is happy with my provisional decision and as no further comments or evidence. Acorn has responded to say that the recording of the call Mr P made to renew his policy is not available due to its retention policy. And it has said if my decision means that Mr P's claim is to be paid it will arrange for this to be done through his insurer's claims department.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party has provided any further substantive comments and evidence I see no reason to reach a different conclusion on the fair and reasonable outcome to Mr P's complaint to the one I set out in my provisional decision.

I have noted what Acorn has said about the call recording. But, as I explained in my provisional decision, I am persuaded by Mr P's testimony about what he was told in this call. And I do not consider he should be penalised if Acorn's call retention policy means it did not have the recording available at the point it first became aware of Mr P's concerns about what he was told in this call.

I have also noted its comments about Mr P's insurer dealing with his claim. But I would like to make it clear that this is not what this decision requires Acorn to do. It requires Acorn to do what I have set out below, i.e. pay the amounts set out directly to Mr P. If it wants to reclaim what would have been due on Mr P's claim if it had been accepted from his insurer and it is able to do so, that is a matter between it and the insurer, but it does not affect what it is required to do if Mr P accepts this decision.

Putting things right

For the reasons set out above and in my provisional decision I uphold Mr P's complaint and order Acorn Insurance & Financial Services Ltd to do the following:

- Pay Mr P £13,090 to cover the loss of his vehicle, less what it would have cost for Mr P to extend his cover to fully comprehensive for 28 days to cover his trip.
- Reimburse the associated costs Mr P incurred as a result of not receiving any assistance from his insurance company after his accident. This is subject to Mr P providing evidence of these costs. Acorn should also pay interest on the amount due at 8% per annum simple from the date Mr P paid the costs to the date of payment.*
- Pay Mr P £1,000 for distress and inconvenience. Acorn must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.*

* Acorn must tell Mr P if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr P if asked to do so. This will allow Mr P to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr P's complaint and order Acorn Insurance & Financial Services Ltd to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 July 2024.

Robert Short
Ombudsman